
In the United States
Circuit Court of Appeals
For the Ninth Circuit

No. 7084

CHAS. H. LILLY CO., a corporation, WILMOT H.
LILLY, KASENO PRODUCTS CO., a corporation,
and GEORGE F. LINQUIST,

Defendants-Appellants,

vs.

I. F. LAUCKS, INC., a corporation,

Plaintiff-Appellee.

On Appeal from the District Court of the United States,
for the Western District of Washington,
Northern Division.

BRIEF of CHAS. H. LILLY CO. and WILMOT H.
LILLY, Defendants-Appellants.

JAY C. ALLEN,

WELDON G. BETTENS,

Solicitors for Appellants.

Seattle, Washington.

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STATEMENT OF THE CASE

The letter "R," wherever used in this brief, means the printed "Transcript of the Record" filed herein February 13, 1933. Italics, wherever used, are our own unless otherwise stated. For convenience of expression we refer in this brief to I. F. Laucks, Inc., the plaintiff below, as "Appellee," to The Chas. H. Lilly Co., one of the defendants below, as "Appellant Lilly Co.," and to Wilmot H. Lilly, one of the defendants below, as "Appellant Lilly."

The Patents

(a) Caustic Soda Patent

Appellee is the owner of United States Letters Patent No. 1,689,732, granted October 30, 1928, for "Vegetable Glue and Method of Making Same." Suit was brought against Appellants for alleged contributory infringement of this patent. The patent is known as the "Caustic Soda Patent" and was referred to by all parties during the trial by that designation. As set out in the specification and claims, the patent covers a vegetable glue composition and the process of making the same. The specification (R. 69) states that the inventors have discovered that vegetable proteins or vegetable matter containing proteins can be converted into a waterproof glue by subjecting the material to proper treatment. The specification points out that the invention consists of the combination of ingredients or composition of matter, and the preparation of such com-

position, as set forth in the specification and claims. As pointed out by the witness Laucks, the teaching and element of discovery in the patent is that a much better glue is obtained by the use of the particular chemical, caustic soda, in an aqueous medium with seed residue flours of considerable protein content (R. 245).

The specification points out that soya bean flour constitutes an admirable raw material for the inventors' purpose. The patentees stated, however, that they did not limit themselves to soya bean flour or to vegetable protein derived from soya bean flour, inasmuch as they had made satisfactory glue from similar seed flours or protein matter derived from such. The soya bean is one of many oleaginous seeds which may be ground into flour.

The specification points out that when the usual chemicals employed in making casein glue are added to a vegetable protein-containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue. The inventors state that they have found, however, that by the use of caustic soda with such vegetable protein-containing matter, a much better glue is obtained, the caustic soda apparently playing the part of dispersing the colloidal material.

The specification points out that in practice, there is a great difference between vegetable protein-containing glues made up by treatment with caustic soda and glues made

up by treatment with lime and sodium salts, which, by interaction, may produce caustic soda. The inventors state that preferably they react on the vegetable protein-containing material with both caustic soda and lime. Caustic potash is designated as the equivalent of caustic soda, although more expensive.

The invention of the patent was the use of caustic soda in making glue from seed residue flours, such as soya bean flour, or from protein derived from such flours.

The prior art had taught the use of isolated vegetable protein for glue purposes (R. 237, 251, 255). Some of the prior art cited by the defendants had taught the use of caustic soda with isolated vegetable protein in making glues. In view of the teachings of the prior art, therefore, Appellee, during the trial, disclaimed chemically isolated vegetable protein and filed its disclaimer in the United States Patent Office. The disclaimer (R. 98) was made and filed many months after defendants' answers had been served and filed, and quite some time after the trial had been in progress. A copy of the disclaimer was introduced in evidence. It disclaimed any interpretation or construction of the specification or claims of the patent which would bring within the scope or import of said specification or claims chemically isolated or chemically extracted vegetable protein (R. 100).

The question here presented in connection with the filing of this disclaimer is whether or not, regardless of the holding of the Trial Court on contributory infringement, costs should have been awarded against Appellants notwithstanding Appellee's failure to file the disclaimer before the commencement of suit.

The only claims of the patent held valid by the Trial Court were those which covered the use of soya bean flour with caustic soda. The only glue which would infringe these claims would be a glue containing soya bean flour and caustic soda, or its equivalent, caustic potash. The claims upheld by the Trial Court read as follows (R. 75-76):

"2. A vegetable glue composition, comprising the reaction products of soya bean flour and an alkali metal hydroxide as such in an aqueous medium.

"4. A vegetable glue composition, comprising the reaction products of soya bean flour, an alkali metal hydroxide as such in an aqueous medium, and calcium hydrate.

"6. A vegetable glue composition, comprising the reaction products of soya bean flour, caustic soda as such, calcium hydrate, and an alkali metal silicate, the proportions of the soya bean flour, the caustic soda and the calcium hydrate being about 30 parts of the soya bean flour, about $2-4\frac{1}{2}$ parts of caustic soda in aqueous solution, and about 3-6 parts of calcium hydrate.

"8. The process of making a vegetable glue, which comprises treating soya bean flour with caustic soda as such in an aqueous medium, the proportions of such

flour and the caustic soda being about 30 parts of the flour and about 2-4½ parts of caustic soda in aqueous solution.”

One of the principal questions presented on this appeal is whether or not Appellants were guilty of contributory infringement of these claims by reason of having supplied soya bean flour to Kaseno Products Co., a codefendant, which manufactured, among other things, soya bean glue. The other principal question is whether or not Appellants were guilty of contributory infringement of the Carbon Bisulphide Patent, hereinafter mentioned, for having sold soya bean flour to Kaseno Products Co. as aforesaid.

(b) Carbon Bisulphide Patent

Appellee is the owner of United States Letters Patent No. 1,691,661, granted November 13, 1928, for “Vegetable Glue and Method of Making Same.” Appellants were charged with contributory infringement of this patent. The patent was granted on a divisional application, divided out of the original omnibus application on which the Caustic Soda Patent was issued. It covers the use of the chemical, carbon bisulphide, in making seed residue glues. The patent is known as the “Carbon Bisulphide Patent” and was referred to by all parties during the trial by that designation. Most of the specification follows word for word the specification of the Caustic Soda Patent. Soya bean flour is pointed out as an admirable raw material for the in-

ventors' purpose. The invention of the patent is the use of carbon bisulphide to increase the water resistance of seed residue glues. As stated by the witness Laucks, the essential element of discovery contained in the Carbon Bisulphide Patent is that this patent teaches the increase in water resistance of an adhesive by the use of carbon bisulphide, the adhesive containing vegetable protein matter (R. 245).

The only claims of the patent held valid by the Trial Court were Claims 13 and 14, which read as follows (R. 88):

“13. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide as a water-proofing agent.

“14. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide, the carbon bisulphide and the soya bean flour being in the proportions of about five parts and about thirty parts respectively.”

The only glue which would infringe these claims would be a glue containing soya bean flour and carbon bisulphide.

The Pleadings

Appellee brought suit on these two patents against Kaseno Products Co., a corporation, which manufactured, among other things, soya bean glue, George F. Linqvist, its president, Appellant Lilly Co., a corporation engaged,

among other things, in the flour milling business, and Appellant Lilly, its president and manager.

The complaint (R. 2) charged that the four defendants had jointly and severally infringed upon said patents; that Kaseno Products Co. had made and sold adhesives embodying the patented inventions; that Appellant Lilly Co. had contributed to said infringement by selling to Kaseno Products Co. soya bean material adapted and *intended* to be employed as a substantial part of the patented combination, Appellant Lilly Co. *well knowing* that said material was to be thus used to manufacture said infringing adhesive and fully *intending* that it should be so used (R. 11); that the four defendants had *conspired together* to infringe upon the patents and had refused to desist therefrom (R. 12); that said infringing acts were done *willfully, intentionally* and *in direct defiance* of Appellee's patent rights; that all of the infringing conduct complained of had been committed within six years next preceding the filing of the bill of complaint (R. 12). The complaint alleged that Appellant Lilly was president of Appellant Lilly Co.; that he directed and controlled all its acts and was directly and personally in charge of conducting the infringing acts complained of as respects Appellant Lilly Co. (R. 11). An injunction, an accounting for profits, and judgment for damages were prayed for against all defendants.

The defendants, Kaseno Products Co. and George F. Linquist, served and filed an answer to the complaint (R. 44). In their answer, they denied that they had committed or were committing, or threatened to continue to commit, any wrongful or infringing acts (R. 49); and denied that they had done any act or thing or were doing any act or thing, or proposed doing any act or thing, in violation of any alleged right, or otherwise, belonging to Appellee or secured to it by the letters patent in suit (R. 65). The answer was sworn to by the defendant, George F. Linquist, president of the defendant, Kaseno Products Co. (R. 66-67).

Appellant Lilly Co. and Appellant Lilly served and filed an answer (R. 20) in which they denied that they had committed or were committing any infringing acts; denied that they had any knowledge of the issuance of the patents or had been warned not to infringe (R. 25); denied that they had contributed to any infringement by Kaseno Products Co. by selling soya bean meal adapted and intended to be employed as a part of the patented combination; denied that there was any conspiracy among the defendants; and denied all of Appellee's allegations with respect to alleged contributory infringement.

For an affirmative defense, Appellants alleged (R. 41-43) that the material sold by Appellant Lilly Co. to Kaseno Products Co. was soya bean meal in the regular and

standard form in which said material was sold to the trade in large quantities for divers uses and by a large number of manufacturers; that Appellant Lilly Co. and a large number of other manufacturers engaged in like business had sold said material in like form for a long period of time and prior to the issuance of the patents in suit; that said soya bean material, in the form and manner sold by Appellant Lilly Co. to Kaseno Products Co., was a standard article of commerce and had been such for a long period of time prior to the application for or issuance of the patents in suit; that said material so furnished to Kaseno Products Co. was furnished in response to orders given by that company in the regular course of business, and was furnished without any recommendation or knowledge on the part of Appellants as to its intended use, save only that it was to be used in the manufacture of some form of adhesive; that Appellants had no control, interest or part whatever in the manufacture of said adhesive, nor were Appellants in any way familiar with the process employed by Kaseno Products Co. in the manufacture of adhesives. Appellants denied that they had any connection or part whatever in the manufacture, sale or use of any adhesive materials, except that they furnished said soya bean material in the ordinary course of business.

The Evidence

To establish its case against Appellants at the trial below, Appellee introduced evidence to the effect that the

defendant, Kaseno Products Co., had infringed the patents in suit by making and selling, along with other adhesives, an adhesive containing soya bean flour and caustic soda, and an adhesive containing soya bean flour and carbon bisulphide, and that the said Kaseno Products Co. purchased the soya bean flour used in its adhesives from Appellant Lilly Co. Appellant Lilly Co. had stipulated, prior to trial, that it sold to Kaseno Products Co. for use in the manufacture of adhesives by that company soya bean flour ground to 80 mesh or finer (R. 103). Appellee introduced this stipulation in evidence. No showing was made that either of Appellants at any time had knowledge that Kaseno Products Co. had ever used caustic soda or carbon bisulphide in making an adhesive. No showing was made that either of Appellants ever intended that the flour sold should be used with caustic soda or carbon bisulphide in making an adhesive.

Appellee, over objection and with exception taken, also introduced in evidence two letters written by Appellant Lilly Co. to The Arabol Manufacturing Company of New York City. The first (R. 104), dated October 17, 1928, stated that Appellant Lilly Co. was a manufacturer of soya bean flour, which was being used on the coast as a base in waterproof glue in the place of casein, and suggested that the Arabol Company might be interested in doing a little experimenting along this line. It suggested that the

Arabol Company investigate the use of the product and contained an offer to submit samples of soya bean flour. The second (R. 106), dated November 1, 1928, was in reply to an answer to the first. It stated that Appellant Lilly Co. was forwarding a sample of 100 mesh soya bean flour, this being the mesh preferred by glue manufacturers; that Laucks & Company handled a great deal of the material, using it both for glue and for a wall texture; and that the Arabol Company would undoubtedly do some experimenting with the product. Neither letter suggested how an adhesive could be made from the flour, nor that any particular chemicals could or should be employed.

To establish notice, Appellee put in evidence a letter (R. 108), dated November 16, 1928, written to Appellant Lilly Co., calling attention to the two patents involved in this action, the first covering the use of caustic soda and the second covering the use of carbon bisulphide with vegetable protein flours for adhesive purposes. Appellee also put in evidence a notice (R. 194) it had caused to be published in September, 1925, in "The Timberman," a publication subscribed to by the veneer and lumber trade. No specific patent was referred to in the notice. Another notice (R. 195), published in "The Timberman" in November, 1928, was also put in evidence. This notice referred to the two patents in suit, another patent, and stated that other patents were pending. No showing was made that these notices would likely have come to Appellants' attention.

Appellee introduced testimony to the effect that the glues which it manufactured and sold under the patents in suit, comprising soya bean flour and caustic soda, or soya bean flour and carbon bisulphide, were marked "Patented" as shown by tags attached to all sacks of such glues. No showing was made that any notice was ever given to either Appellant that Kaseno Products Co. was making a glue which infringed the patents. No showing was made that soya bean glues could not be made without infringing the patents.

Appellee thereupon rested its case.

Appellant Lilly and Appellant Lilly Co. each separately moved for a dismissal of the action. Both motions were denied. Exceptions were asked and allowed (R. 206).

Appellant Lilly Co. and Appellant Lilly called but two witnesses in defense. Appellant Lilly testified that he was president and general manager of Appellant Lilly Co. and had been actively connected with the company for twenty-five years; that the company first commenced the manufacture of soya bean flour in 1916 or 1917, and had continued to manufacture it ever since (R. 225); that the flour was manufactured for use as tree spray, for edible purposes, and for use in making glue (R. 225). The flour manufactured for all three of these purposes was ground to 100 mesh or better, that being the regular fineness of Appellant Lilly Co.'s standard soya bean flour (R. 226). This

flour was sold to Kaseno Products Co. for use in making adhesives, as well as to other glue manufacturers (R. 232), grocery stores, spray manufacturers and furniture manufacturers (R. 227). Appellant Lilly Co. had never processed its flours with chemicals of any kind (R. 227). Appellants had never known, or suggested to any customer, the chemicals which might be combined with soya bean flour in the manufacture of adhesives (R. 233). Appellant Lilly knew that Kaseno Products Co. was making glue, but never at any time knew how Kaseno Products Co. made its adhesive or what chemicals it used (R. 228). Appellant Lilly Co. was simply filling orders received in the regular course of business (R. 230). There are a number of concerns in the City of Seattle manufacturing soya bean flour for glue purposes (R. 230). Appellee never at any time prior to suit notified Appellants that Kaseno Products Co. was infringing any patent held by Appellee (R. 230). Appellant Lilly had a conversation with Mr. Laucks on February 28, 1928, almost a year before suit was started. Mr. Laucks then placed an order for soya bean flour, which order was followed up by other orders for various quantities (R. 228). No mention was made of any patents owned by Appellee. No claim was made that Kaseno Products Co. was making an infringing glue. Appellants did not know Appellee owned patents covering the manufacture of glue from soya bean flour (R. 232). Appellant Lilly Co. has been grinding various kinds of flour since 1905 (R. 227). It grinds wheat

flour principally, bran, whole wheat and rice flour,—various kinds (R. 227). It is also engaged in the fertilizer business and seed business. It has never made or sold adhesives (R. 227).

S. E. Victor testified that he was purchasing agent for Appellant Lilly Co.; that the company sets a standard price on soya bean flour; that sales are made to all purchasers without price discrimination, and that Kaseno Products Co. was never favored with any special price lower than the standard price (R. 235).

The testimony of the two witnesses called by Appellants was not rebutted by Appellee. It was established in rebuttal, however, and by other evidence in the case, that glue could and had been made from soya bean flour without the use of either caustic soda or carbon bisulphide (R. 198, 200, 201, 208, 210, 214, 215, 239, 242); that Appellee had manufactured and sold soya bean glue which did not embody the chemicals taught by the patents in suit (R. 198, 200, 201, 242); that a glue may be made from isolated protein of the soya bean disclaimed by Appellee (R. 240, 258-262); that the Kaseno Products Co. had made and sold such a glue (R. 211), and that the prior art taught the making of such glue (R. 237, 251, 255), although Appellee claimed it was not practicable as a veneer glue (R. 243, 244, 250, 254); that none of the claims of the Caustic Soda Patent touch the use of isolated soya bean protein in

glue compounds (R. 241); that neither of the claims of the Carbon Bisulphide Patent here involved cover isolated soya bean protein (R. 88).

The Decree

The Trial Court found that Claims 2, 4, 6 and 8 of the Caustic Soda Patent, and Claims 13 and 14 of the Carbon Bisulphide Patent, were valid; that the Kaseno Products Co. had infringed these claims and that Appellants were guilty of contributory infringement of these claims. The liability of Appellants as contributory infringers was based upon the stipulation and two letters to The Arabol Manufacturing Company, above mentioned (R. 154). The Court entered a decree (R. 156) enjoining Appellants from making, selling, using, or contributing to the making, selling or using of glues embodying the invention of Claims 2, 4, 6 or 8 of the Caustic Soda Patent, or Claims 13 or 14 of the Carbon Bisulphide Patent, and enjoining Appellants from conspiring to infringe said claims. The decree provided that Appellee recover from the four defendants in the case the profits, gains and benefits which the defendants had jointly or severally derived, and awarded Appellee recovery against the four defendants, jointly and severally, for all damages which Appellee had sustained by reason of the infringing acts; allowed Appellee judgment for costs, and referred the case to a master for an accounting. It is from this decree that Appellant Lilly Co. and Appellant Lilly have appealed

to this Court. Exceptions to the provisions of the decree complained of were duly taken and allowed (R. 165).

The Questions Involved

This appeal does not involve the question of the validity of any claims upheld by the Trial Court, nor does it involve the question of infringement of those claims by the defendants, Kaseno Products Co. and George F. Linquist. The questions involved in this appeal are the following:

1. Were Appellants, under the evidence, guilty of contributory infringement of Claims 2, 4, 6 or 8 of the Caustic Soda Patent, or Claims 13 or 14 of the Carbon Bisulphide Patent?
2. Should the lower Court's decree in any event have held Appellant Lilly individually liable simply because he was the president and manager of Appellant Lilly Co.?
3. Should the lower Court's decree in any event have awarded Appellee judgment for costs notwithstanding the filing of a disclaimer in the Patent Office during the trial of the case?

SPECIFICATION OF ERRORS**I.**

The Court erred in admitting in evidence Plaintiff's Exhibits 59 and 60, being the two letters written by Appellant Lilly Co. to The Arabol Manufacturing Company, and reading as follows (R. 104, 106):

“October 17, 1928.

The Arabol Manufacturing Co.,
110 East 42nd St.,
New York, N. Y.

Gentlemen:

We are manufacturers of Soya Bean Flour which is being used extensively on this Coast as a base in waterproof glue. Glue made from this material has almost entirely replaced casein glue in the manufacture of Plywood or veneer. Formerly the mills in this territory used practically nothing but casein glue in the manufacture of these panels but have now switched to a Soya Bean glue with which they secure as good or better adhesive at a far lower cost.

We understand you people are the largest manufacturers in the world of various adhesives and the thought occurred to us that if you are not now using Soya Bean flour in any of your products you might be interested in doing a little experimenting along this line. If you are already using this material we would be only too glad to submit samples of our product and quote you prices.

Our material is a true Soya Bean flour in every sense of the word and is not to be confused with various grades of fine ground Soya Bean meal which are sometimes offered. Our material is specially processed to remove a very large percentage of the fiber and is

bolted through a flour mill process through a fineness of 100, 109, or 126 mesh. We have sold large quantities to glue manufacturers on the coast here and have shipped some to the glue manufacturers in the furniture district around Grand Rapids, Michigan, and also to various glue manufacturers on the East Coast, and in every case our product has met with their approval as to quality and uniformity, and we know that our prices are in line, and have been getting repeat business from them. We believe that if you are not now using Soya Bean Flour in any of your products it would certainly be to your interest to investigate its use, and to that end we are glad to furnish you with what samples and information we have on the subject.

Awaiting your reply and trusting that we may be of some service to you, we are,

Yours very truly,

LILLY'S—SEATTLE,

(Sgd) S. E. VICTOR,

SEV-PE

By S. E. VICTOR."

"Nov. 1, 1928.

The Arabol Manufacturing Co.,
110 East 42nd St.,
New York, N. Y.

Via Air Mail

Attention, Mr. A. M. Baumann:

Gentlemen:

We thank you for your letter of Oct. 23d and are glad to know that you are interested in Soya Bean Flour. We are sending you a 25 lb. bag of this material as a sample. We are sending you only the one grade which has been processed through 100 mesh. This is the grade that is in the greatest demand in this section of the country, although we have made some flour

as fine as 109 and 126 mesh. The various Glue manufacturers seem to prefer the finer mesh, however they have been buying the 100 mesh inasmuch as the cost is less.

We are pleased to quote you a price of \$65.00 per ton f. o. b. Seattle, draft terms, in car lots, on this grade; or \$70.00 per ton f. o. b. Seattle, draft terms, in less than car lots.

This is a comparatively new commodity on the market and considering the short length of time it has been used it has gained the approval of Glue manufacturers in this locality. We have been told indirectly that Laucks & Company of Seattle handle hundreds of tons of this material each month, and it is said that they are using it both for Glue and for a wall texture. Several other manufacturers on this Coast and on the East Coast are buying the material in carload lots, and one of these manufacturers who turns out nothing but glue is now using four to five cars monthly. We see great possibilities for the use of Soya Bean Flour in your territory and are pleased that you are taking an interest in it and will undoubtedly do some experimenting. We shall be pleased to hear from you as to what you think of the material and how your experiments work out.

Thanking you for the opportunity of quoting and submitting samples, and trusting that we may be of further service to you, we are,

Yours very truly,

THE CHAS. H. LILLY CO.,

(Sgd) S. E. VICTOR,

By S. E. VICTOR."

SEV-PE

This specification covers and is based upon assignments of error Numbers 1 and 2 (R. 173, 174).

II.

The Court erred in overruling the motion of Appellant Lilly Co., made at the close of plaintiff's case in chief, that as to it the action be dismissed (R. 206).

This specification is based upon and covers assignment of error Number 4 (R. 174).

III.

The Court erred in overruling the motion of Appellant Lilly, made at the close of the plaintiff's case in chief, that as to him the action be dismissed (R. 206).

This specification is based upon and covers assignment of error Number 3 (R. 174).

IV.

The Court erred in holding in its memorandum decision (R. 111), which memorandum decision the Court adopted as its Findings of Fact and Conclusions of Law (R. 156), that the two letters set forth in Specification No. 1, together with the stipulation that Appellant Lilly Co. sold soya bean flour ground to 80 mesh or finer to Kaseno Products Co., for use in the manufacture of adhesives by that company (R. 103), were sufficient:

- (a) To show contributory infringement on the part of Appellants (R. 154);
- (b) To take the case out of the rule that one who sells to an infringer an article of commerce having ordinary uses unconnected with the product of the patent without intent to contribute to the manufacture of such product does not infringe (R. 154);

- (c) To show that it was the intent of Appellants that the article sold by them should be used by their codefendants in the manufacture of the product of Appellee's inventions (R. 154).

This specification covers and is based upon assignments of error Numbers 12, 13 and 14 (R. 176-181).

V.

The Court erred in holding (R. 154) and decreeing (R. 159) that Appellant Lilly Co. had contributorily infringed Claims 2, 4, 6 and 8 of the Caustic Soda Patent, and Claims 13 and 14 of the Carbon Bisulphide Patent, and in refusing to find and conclude to the contrary and to dismiss the action as requested (R. 163).

This specification covers and is based upon assignments of error Numbers 8, 9, 10, 15, 16 and 17 (R. 175, 176, 181).

VI.

The Court erred in holding (R. 154) and decreeing (R. 159) that Appellant Lilly had contributorily infringed Claims 2, 4, 6 and 8 of the Caustic Soda Patent, and Claims 13 and 14 of the Carbon Bisulphide Patent, and in refusing to find and conclude to the contrary and to dismiss the action as requested (R. 164).

This specification covers and is based upon assignments of error Numbers 5, 6, 7, 15, 16 and 17 (R. 175, 181).

VII.

The Court erred in decreeing that a Writ of Perpetual Injunction issue against Appellants as directed in the eighth paragraph of the decree (R. 159).

This specification is based upon and covers assignment of error Number 18 (R. 182).

VIII.

The Court erred in decreeing that Appellee recover from Appellants the profits, gains and benefits derived by Appellants and their codefendants, which may have accrued to them jointly or severally by reason of said infringement, and recover from Appellants all damages sustained by Appellee by reason of the infringing acts of all of the defendants in the case, as set forth in the ninth paragraph of the decree (R. 160).

This specification is based upon and covers assignment of error Number 19 (R. 183).

IX.

The Court erred in giving and entering judgment against Appellants for plaintiff's costs (R. 162).

This specification is based upon and covers assignment of error Number 20 (R. 184).

BRIEF OF ARGUMENT**I.****Contributory Infringement****A—Contributory Infringement Defined and Rule Applied:**

1. Contributory infringement of a patent is the intentional aiding of one person by another in the unlawful making, or selling, or using of the patented invention.

Henry v. A. B. Dick Co., 224 U. S. 1, 34; 56 L. Ed. 645, 658;

Wilson v. Union Tool Co., (C.C.A.-9th), 265 Fed. 669, 672;

Harvey Hubbell, Inc. v. General Electric Co., (C.C. A.-2nd) 267 Fed. 564, 571.

2. Contributory infringement is an intentional aiding and abetting in the commission of an infringing act; where there is collusion, planning or concert of action between the joint actors.

Thomson-Houston Elec. Co. v. Ohio Brass Co., (C. C.A.-6th) 80 Fed. 712, 721;

Goodyear Shoe Machinery Co. v. Jackson, (C.C.A.-1st) 112 Fed. 146, 148;

Handel Co. v. Jefferson Glass Co., 265 Fed. 286, 287;

Belknap v. Wallace Addressing Mach. Co., 10 Fed. (2d) 602, 604.

3. Knowledge that one is aiding in an infringement and an intent to so aid are essential elements of contributory infringement.

Coolidge v. McCone, 1 Ban. & A. 78, 6 Fed. Cas. No. 3186;

Individual Drinking Cup Co. v. Errett, (C.C.A.-2nd) 297 Fed. 733, 739;

Bullock Elec. & Mfg. Co. v. Westinghouse Elec. & Mfg. Co., (C.C.A.-6th) 129 Fed. 105, 111.

4. The manufacture and sale of a separate element of a patented combination, the use of which element is not limited to the patented combination, does not constitute contributory infringement unless it be proved that such manufacture and sale was for the purpose and with the intent of aiding infringement.

Saxe v. Hammond, 1 Ban. & A. 629, 21 Fed. Cas. No. 12411;

Snyder v. Bunnell, 29 Fed. 47;

Winne v. Bedell, 40 Fed. 463;

Thomson-Houston Elec. Co. v. Ohio Brass Co., (C. C.A.-6th) 80 Fed. 712, 723;

Leeds & Catlin Co. v. Victor Talking Mach. Co., (C. C.A.-2nd) 154 Fed. 58, 60.

5. One who sells an ordinary article of commerce susceptible of innocent use unconnected with the product of a patent, without intent to contribute to the making of the patented product, is not guilty of contributory infringement and is not liable even though the purchaser uses the article in bringing about an infringement.

Rumford Chem. Wks. v. Hygienic Chem. Co., 148 Fed. 862, 154 Fed. 65, 52 L. Ed. 355, 54 L. Ed. 137;

Keystone Bridge Co. v. Phoenix Iron Co., 14 Fed. Cas. No. 7751;

Robbins v. Aurora Watch Co., 43 Fed. 521, 527;

Lane v. Park, 49 Fed. 454;

Edison Elec. Light Co. v. Peninsular Light, Power & Heat Co., 95 Fed. 669;

Cary Mfg. Co. v. Standard Metal Strap Co., 113 Fed. 429;

Standard Computing Scale Co. v. Computing Scale Co., (C.C.A.-6th) 126 Fed. 639, 653;

Rupp & Wittgenfeld Co. v. Elliott, (C.C.A.-6th) 131 Fed. 730, 732;

Cortelyou v. Charles E. Johnson & Co., (C.C.A.-2nd) 145 Fed. 933.

B—Burden of Proof:

1. Where the charge of contributory infringement is based upon the furnishing of an essential part of a patented combination, and the part furnished is susceptible of an innocent use, plaintiff has the burden of affirmatively proving an intent that the part furnished should be used in an infringing way.

48 *C. J.* 360;

General Electric Co. v. Sutter, 186 Fed. 637;

Whitney v. New York Scaffolding Co., (C.C.A.-8th) 243 Fed. 180, 184, 185.

C—Failure of Proof:

1. Appellee failed to prove any knowledge on the part of Appellants, either of the issuance or existence of the

patents or of any infringement thereof by Kaseno Products Co. (R. 192-206).

2. Appellee failed to prove any intent on the part of Appellants to aid in any infringement by Kaseno Products Co. (R. 192-206).

3. Appellee's own proof showed that the element of the patented combination furnished by Appellant Lilly Co., namely, soya bean flour, was susceptible of use in noninfringing adhesives.

- (a) The Caustic Soda Patent acknowledges that soya bean glues can be made without the use of caustic soda, and simply teaches that a better glue is obtained by the use of caustic soda (R. 71, 245).
- (b) The Carbon Bisulphide Patent acknowledges that soya bean glues can be made without the use of carbon bisulphide, and simply teaches that the addition of carbon bisulphide imparts very great water resisting properties to the glue (R. 83, 245).
- (c) I. F. Laucks, president of Appellee company, testified as to several glues that could be made from soya bean flour without the use of either caustic soda or carbon bisulphide (R. 239).
- (d) Appellee has manufactured and sold large quantities of soya bean glue which did not contain either caustic soda or carbon bisulphide (R. 198, 200, 201, 242).
- (e) Kaseno Products Co. has manufactured and sold soya bean glues made from formulas which did not contain either caustic soda or carbon bisulphide (R. 208, 210, 214, 215).
- (f) I. F. Laucks, and other of Appellee's expert witnesses, testified that the prior art taught the use

of chemically isolated protein, disclaimed by Appellee, in the manufacture of adhesives (R. 237, 251, 255).

- (g) Appellee's expert witnesses demonstrated and testified that isolated soya bean protein could be used in the manufacture of adhesives (R. 240, 258-262).
- (h) Appellee is the owner of a patent covering a particular process of chemically isolating the protein from soya beans for use as a base for an adhesive (R. 245).
- (i) Kaseno Products Co., for a time, made adhesives from chemically isolated soya bean protein (R. 211).

D—Undisputed Proof of Lack of Knowledge of Infringement or Intent to Aid in Infringement:

1. Appellants had no notice of any infringement of the patents in suit by Kaseno Products Co. (R. 230).

2. Appellants had no knowledge of the issuance of the patents in suit or of how Kaseno Products Co. manufactured its adhesives (R. 230, 232).

3. Appellants had no intention of aiding in any infringement (R. 225-233).

- (a) Appellant Lilly Co. is an old established firm, having built its flour mill in 1905, and is engaged in the business of grinding various kinds of flour as well as in the fertilizer and seed business (R. 227). Sales made to Kaseno Products Co. were made in the regular course of business (R. 230).
- (b) Soya bean flour is a standard article of commerce which Appellant Lilly Co. has been manufacturing and selling since 1916 or 1917, sales being made to

grocery stores, spray manufacturers, glue people and furniture manufacturers (R. 225, 227).

- (c) Appellants have never known what chemicals might be employed in making soya bean glue, and have never recommended or suggested to Kaseno Products Co. or to any glue manufacturer any chemicals suitable for such use (R. 233).

II.

Individual Liability of Appellant Lilly

A.—The officers and agents of a corporation, when they act merely as its officers or agents, are not liable for its infringement of a patent; it is only when the officers act outside the scope of their official duties that they become liable.

Hutter v. De Q. Bottle Stopper Co. (C.C.A.-2nd) 128 Fed. 283, 286;

New Departure Mfg. Co. v. Rockwell-Drake Corp., (C.C.A.-2nd) 287 Fed. 328, 334;

D'Arcy Spring Co. v. Marshall Ventilated Mattress Co., (C.C.A.-6th) 259 Fed. 236, 242;

Vapor Car Heating Co. v. Gold Car Heating & L. Co., 296 Fed. 201, 203;

Smalley v. Auto Specialists, Inc., 7 Fed. (2d) 710, 715;

Dangler v. Imperial Match Co., (C.C.A.-7th) 11 Fed. (2d) 945, 947;

Fyrac Mfg. Co. v. Bergstrom, (C.C.A.-7th) 24 Fed. (2d) 9, 11;

Fulton Co. v. Janesville Laboratories, 29 Fed. (2d) 913;

American Machinery Co. v. Everedy Mach. Co., 35 Fed. (2d) 526, 528;

Booth v. Stutz Motor Car Co. of America, 56 Fed. (2d) 962, 969.

B.—It has been held that, in the absence of special circumstances which would make an officer of a corporation individually liable, he is not a proper party and the bill as to him should be dismissed, even though the corporation, its officers and agents, are enjoined.

Hutter v. De Q. Bottle Stopper Co., (C.C.A.-2nd) 128 Fed. 283, 286;

Tinsel Corporation v. B. Haupt & Co., 25 Fed. (2d) 318;

Trico Products Corporation v. Ace Products Corporation, 30 Fed. (2d) 688, 689;

Arrow Electric Co. v. Gaynor Electric Co., 30 Fed. (2d) 956;

Art Metal Works, Inc. v. Henry Lederer & Bro. Inc., 36 Fed. (2d) 267, 269.

C.—Appellant Lilly at no time acted other than as an officer of Appellant Lilly Co., and at no time acted outside the scope of his official duties (R. 225, 233).

III.

Filing of Disclaimer As Affects Costs

A.—Where plaintiff files a disclaimer, after suit brought, no costs can be recovered.

Sec. 4922, R. S.; 35 U.S.C.A. Sec. 71, page 613;

O'Reilly v. Morse (Ky. 1853) 56 U. S. (15 How.) 62, 14 L. Ed. 601;

Silby v. Foote (N. Y. 1858) 61 U. S. (20 How.)
378, 15 L. Ed. 953;

Sessions v. Romadka (Wis. 1892) 145 U. S. 29, 12
S. Ct. 799, 36 L. Ed. 609, reversing (C.C. 1884)
21 F. 124;

Hailes v. Albany Stove Co., 123 U. S. 582, 31 L. Ed.
284.

B.—Appellee's bill of complaint was filed February 14, 1929, and served February 25, 1929; the disclaimer was filed in the Patent Office May 23, 1930, and introduced in evidence June 2, 1930 (R. 14, 16, 97, 96).

ARGUMENT

ARGUMENT POINT I—Appellants Were Not Guilty of Contributory Infringement.

A.—CONTRIBUTORY INFRINGEMENT OF A PATENT IS A TORT IN THE NATURE OF A TRESPASS, AND CONSISTS OF KNOWINGLY AND INTENTIONALLY AIDING AND ABETTING ANOTHER IN THE COMMISSION OF AN INFRINGING ACT.

The Federal Courts have precisely defined contributory infringement and have set forth the essential elements which must exist to constitute the tort.

In *Henry v. A. B. Dick Co.*, 224 U. S. 1, 34; 56 L. Ed. 645, 658, the Court said:

“‘Contributory infringement,’ says Judge Townsend in *Thomson-Houston Electric Co. v. Kelsey Electric R. Specialty Co. supra*, ‘has been well defined as the *intentional aiding* of one person by another in the unlawful making, or selling, or using of the patented invention.’ To the same effect are *Wallace v. Holmes*, 9 Blatchf. 65, Fed. Cas. No. 17,100; *Risdon Iron & Locomotive Works v. Trent*, 92 Fed. 375; *Thomson-Houston Electric Co. v. Ohio Brass Co.*, 26 C. C. A. 107, 54 U. S. App. 1, 80 Fed. 721; *American Graphophone Co. v. Hawthorne*, 92 Fed. 516.”

In *Wilson v. Union Tool Co.* (C.C.A.-9th) 265 Fed. 669, 672, a case where knowledge of infringement and an intent to aid therein were shown to exist, this Court, in stating the rule of contributory infringement, said:

“In *Thomson Houston v. Ohio Co.*, 80 Fed. 712, 26 C. C. A. 107, it was held by the Court of Appeals that it was settled that, where one makes and sells one element of a combination covered by a patent, *with the intention and for the purpose* of bringing about its use in such combination, he is guilty of contributory infringement, and is equally liable to the patentee with him who in fact organizes the complete combination.”

In *Harvey Hubbell, Inc. v. General Electric Co.* (C.C. A.-2nd) 267 Fed. 564, 571, the Court defined the tort as follows:

“Contributory infringement essentially consists in *intentionally* giving aid to, or *intentionally* co-operating in, an infringement.”

This definition was quoted with approval in the case of *Belknap v. Wallace Addressing Machine Co.*, 10 Fed. (2nd) 602, 604.

In *Thomson-Houston Electric Co. v. Ohio Brass Co.* (C.C.A.-6th) 80 Fed. 712, 721, the Court said:

“It is well settled that where one makes and sells one element of a combination covered by a patent *with the intention and for the purpose of bringing about its use in such a combination* he is guilty of contributory infringement and is equally liable to the patentee with him who in fact organizes the complete combination. * * * An infringement of a patent is a tort analogous to trespass or trespass on the case. From the earliest times, all who take part in a trespass, either by actual participation therein or by aiding and abetting it, have been held to be jointly and severally liable for the injury inflicted. There must be some *concert of action* between him who does the in-

jury and him who is charged with aiding and abetting, before the latter can be held liable.”

In *Goodyear Shoe Machinery Co. v. Jackson* (C.C.A.-1st) 112 Fed. 146, 148, the Court defined contributory infringement and cited numerous authorities in support of its definition. The Court said:

“Contributory infringement is ‘the intentional aiding of one person by another in the unlawful making or selling or using of the patented invention’; and this is usually done by making or selling a part of the patented invention *with the intent and purpose of so aiding*. The essence of contributory infringement lies in *concerting or planning with others* in an unlawful invasion of the patentee’s rights.”

B.—KNOWLEDGE THAT ONE IS AIDING IN AN INFRINGEMENT AND AN INTENT TO SO AID ARE ESSENTIAL ELEMENTS OF CONTRIBUTORY INFRINGEMENT.

Without guilty knowledge and intent, the necessary concert of action is missing and there can be no contributory infringement. This fundamental principle underlies all of the decisions on the subject.

In *Bullock Elec. & Mfg. Co. v. Westinghouse Elec. & Mfg. Co.* (C.C.A.-6th) 129 Fed. 105, 111, the Court cited a number of cases on the point and said:

“The *intent and purpose* that the element made and sold shall be used in a way that shall infringe the combination in which it is an element constitutes the necessary concert of action between him who furnished the single part and he who actually does the injury by the assembling and using of all the parts in such a

way as to be an infringement. This principle runs through all the cases upon contributory infringement. (Cases cited.)

“In *Snyder v. Bunnell* (C.C.) 29 Fed. 47, Judge Coxe gave his emphatic approval to the principle laid down by Judge Shipley in *Saxe v. Hammond*, cited above, where it was said that ‘the mere manufacture of a separate element of a patented combination, unless such manufacture be proved to have been conducted for the purpose and with the intent of aiding infringement, is not in and of itself infringement.’ That the single element was made and sold was with the intent and purpose of aiding another in infringing must appear, or the necessary concert of action will be missing. This may be shown presumptively, as it is when the article is incapable of any other use than an infringing one. If, on the other hand, it be adapted to other uses ‘the intention to assist in infringement must be otherwise shown affirmatively.’ *Thomson-Houston Co. v. Ohio Brass Works*, 80 Fed. 712, 723, 26 C. C. A. 107.”

In *Individual Drinking Cup Co. v. Errett* (C.C.A.-2nd) 297 Fed. 733, 739, after reviewing the outstanding cases touching upon contributory infringement, the Court said:

“In the last analysis, the fundamental thought is that, before one may be held for contributory infringement, it must be shown that he had *knowingly* done some act without which the infringement would not have occurred.”

C.—THE MANUFACTURE AND SALE OF A SEPARATE ELEMENT OF A PATENTED COMBINATION, THE USE OF WHICH ELEMENT IS NOT LIMITED TO THE PATENTED COMBINATION, DOES NOT CONSTITUTE CONTRIBUTORY INFRINGEMENT UNLESS IT BE PROVED THAT

SUCH MANUFACTURE AND SALE WERE FOR THE PURPOSE AND WITH THE INTENT OF AIDING INFRINGEMENT.

A not unusual case in which the question of contributory infringement has arisen is that in which the defendant has made and sold one separate element of plaintiff's patented combination. The decisions of the Courts in this type of case are founded and based upon the general definitions and principles above set forth. If the defendant made and sold the element in question with knowledge and intent that it was to be used as a part of an infringing device, the Courts have held him liable as a contributory infringer. In such cases, however, the guilty knowledge and intent have always been established. If the separate element in question was susceptible of an innocent use, a use not limited to the patented combination, the Courts have always required that guilty knowledge and intent be proved by competent evidence in the case. If the separate element in question was susceptible of no innocent use and could only be employed as a part of plaintiff's patented combination, the Courts have presumed a guilty intent on the theory that the defendant was presumed to have intended the natural and probable consequences of his acts. Where the separate element may be put to a use other than as a part of the patented combination, however, and the plaintiff has not proved by competent evidence guilty knowledge and intent on the part of the defendant, the Courts have uniformly

held that no case of contributory infringement has been made.

In *Saxe v. Hammond*, 1 Ban. & A. 629, 21 Fed. Cas. No. 12,411, an early case on the question of contributory infringement of the type here under consideration, suit was brought for contributory infringement of a patent for a "tremolo" attachment to musical instruments. The plaintiffs claimed as their invention the application of any means to the musical instruments whereby the air might be agitated to produce a tremulous note "by agency external to the wind-chest, which shall not prevent the flow of the air past the reeds," so as to give a continuous tremulous note. The defendants had manufactured a fan capable of being made to revolve. The element made by the defendants was not new nor was it, in itself, an infringement of plaintiffs' patent. In order to constitute such infringement, it was necessary that defendants' device be placed in a musical instrument and be placed in a certain position in that instrument external to the wind-chest. Whether the fan made by the defendants would infringe the claim of plaintiffs' patent when placed in a musical instrument depended upon the position and arrangement of the fan in the instrument. No guilty knowledge or intent on the part of the defendants was proved. In holding that defendants were not guilty of contributory infringement, the Court said:

"As defendants only make one element of the patented invention, in order to hold them guilty, I must

find proof connecting them with the infringement. Different parties may all infringe, by respectively making or selling, each of them, one of the elements of a patented combination, provided those separate elements are made for the purpose, and with the intent, of their being combined by a party having no right to combine them. But the mere manufacture of a separate element of a patented combination, unless such manufacture be proved to have been conducted *for the purpose, and with the intent of aiding infringement*, is not, in and of itself, infringement."

In *Snyder v. Bunnell*, 29 Fed. 47, suit was brought for contributory infringement of a patent. The patent covered an improvement in electro-magnetic burglar-alarm apparatus. The defendants were manufacturers of an "automatic drop," used as one element of plaintiffs' patented combination. Plaintiffs charged the defendants with "making and putting on the market an article which, of necessity, to their knowledge, is to be used for the purpose of infringing the complainants' patent." It was conceded that the instrument manufactured by defendants might be used in connection with other apparatus described in the patent so as to constitute an infringement. It was also conceded, however, that the instrument was susceptible of a perfectly innocent use. No showing was made that the defendants had sold the article manufactured by them knowing or intending that it was to be used to infringe plaintiffs' patent. In dismissing the action, the Court said:

"The complainants invoke the doctrine of contributory infringement, the clearest illustration of which is,

perhaps, found in *Wallace v. Holmes*, 9 Blatchf. 65. In that case the complainants had a patent for a burner in combination with a chimney. The defendants manufactured and sold the burner, leaving the purchaser to supply the chimney, without which the burner was useless. The burner could not be used without infringing the patent. All this the defendants knew. It was because of this use and this knowledge that they were held liable. See, also, *Richardson v. Noyes*, 10 O. G. 501; *Bowker v. Dows*, 3 Ban. & A. 518; *Alabastine Co. v. Payne*, 27 Fed. Rep. 559; *Travers v. Beyer*, 26 Fed. Rep. 450; *Cotton-tie Co. v. Simmons*, 106 U. S. 89; S. C. 1 Sup. Ct. Rep. 52.

“In each of these cases the complainant succeeded because the article dealt in by the defendant was only useful when combined as provided by the patent in question, and was sold by him *intending* that it should be put to this unlawful use. A careful examination has failed to discover an authority holding a party liable as an infringer solely because an article sold by him might be used by the purchaser as one element of a patented combination. Such a doctrine would be too dangerous to be upheld. * * *

* * *

“The record upon this branch of the case is too vague and uncertain to uphold the charge of infringement. Where a necessary link is absent in the chain of evidence, it cannot be supplied by mere suspicion.”

In *Winne v. Bedell*, 40 Fed. 463, defendant sold a straight wire fastener which could be easily bent and used as an element of plaintiff's patented combination in a manner so as to infringe the patent. Defendant's device was also capable of an innocent use. No guilty knowledge or intent was proved. In holding the defendant not liable, the Court said:

“The defendant has not adopted the combination of the claim. He sells but one element of it. It is urged that he should be held liable because his device ‘is capable of being bent’ so as to infringe. But this argument would apply with equal force to an umbrella-slide holder, a bale-tie, or a hair-pin. The complainant cannot invoke the doctrine of *Wallace v. Holmes*, 9 Blatchf. 65, and analogous authorities, for the obvious reason that the defendant’s fastener is susceptible of a perfectly legitimate use, which the complainant himself has taken pains to point out. *Snyder v. Bunnell*, 29 Fed. Rep. 47. To justify a decree for infringement, *actual proof* must be presented of the defendant’s illegal acts. It will not do to substitute therefor suspicion and conjecture.”

In *Thomson-Houston Electric Co. v. Ohio Brass Co.* (C.C.A.-6th) 80 Fed. 712, 723, the defendant had sold a separate element of a patented combination with the purpose and intent that it be used in a patented combination. The Court held that contributory infringement was therefore shown. The Court said, however:

“What we have said has application only to cases in which it affirmatively appears that the alleged infringer is offering the parts with the purpose that they shall be used in the patented combination. We have found that it does so appear here, and is a matter of certain inference from the circumstance that the parts sold can only be used in the combinations patented. Of course, such an inference could not be drawn had the articles, the sale or offering of which was the subject of complaint, been adapted to other uses than in the patented combination. In the latter case the *intention to assist in infringement must be otherwise shown affirmatively*, and cannot be inferred from the mere fact that the articles are in fact used in the patented combinations or may be so used.”

In *Leeds & Catlin Co. v. Victor Talking Machine Co.* (C.C.A.-2nd) 154 Fed. 58, 60, the defendant was the manufacturer of a sound record, an essential element of plaintiff's patented combination. It sold this element with full knowledge and intent that it be united to another element and thus complete the combination covered by plaintiff's patent. Defendant was therefore guilty of contributory infringement. The Court said, however:

"It is true that the doctrine of contributory infringement has never been applied to a case where the thing contributed is one of general use, or suitable to a variety of other uses, especially where there is no *definite purpose* that the thing sold shall be employed with others to infringe a patent right."

D.—ONE WHO SELLS AN ORDINARY ARTICLE OF COMMERCE SUSCEPTIBLE OF INNOCENT USE UNCONNECTED WITH THE PRODUCT OF A PATENT, WITHOUT INTENT TO CONTRIBUTE TO THE MAKING OF THE PATENTED PRODUCT, IS NOT GUILTY OF CONTRIBUTORY INFRINGEMENT AND IS NOT LIABLE EVEN THOUGH THE PURCHASER USES THE ARTICLE IN BRINGING ABOUT AN INFRINGEMENT.

Where the separate element sold by the defendant is an ordinary article of commerce, the Courts have uniformly held that there is no contributory infringement unless guilty knowledge and intent are proved. To hold otherwise would place an unbearable burden upon commerce.

In *Rumford Chemical Works v. Hygienic Chemical Co.*, 148 Fed. 862, 154 Fed. 65, 52 L. Ed. 355, 54 L. Ed. 137, suit was brought for contributory infringement of a patent covering a formula for a baking powder. One of the elements of the patented formula was acid phosphate. Claim was made that the defendant knowingly sold acid phosphate for the purpose of being used in the manufacture of baking powder and that the element so sold by defendant was designed and intended solely for that use. Plaintiff at the trial failed to establish by competent evidence any guilty knowledge or intent on the part of defendant. In holding that contributory infringement had not been established, the Court said:

“Assuming that the article in question was sold by the defendant to Clotworthy or others, there is no evidence showing for what purpose it was sold or used, or that it was only useful when combined in the manner provided in the patent in suit. On the contrary, there is evidence that it was an article of commerce in general and common use for a number of specific purposes. It is true it could be combined and used as claimed in the patent, but it could likewise be used, and was sold and used for a variety of other purposes, and I find no evidence in the case to show that there was any agreement, knowledge, or understanding that any acid phosphate sold by the defendant was to be combined with other articles to infringe the complainant’s patent. The complainant made Heller his own witness, and his testimony, corroborated by Wadman to some extent as to the variety of uses for which acid phosphate is manufactured, adapted, and sold, is uncontradicted. In order to establish contributory infringement, it should be *convincingly shown* that a

granular acid phosphate manufactured by the defendant went into a baking powder, which infringed the patent in suit, and that the defendant manufactured and sold said phosphate *knowing*, or having reasonable cause to know, that it was to be used in an infringing baking powder. I find this doctrine supported by numerous cases. * * *

(Cases cited) * * *

“Upon the evidence adduced it would be inequitable to hold the defendant guilty of contributory infringement. Taking into account all the competent evidence offered and giving to it full probative force and effect, it falls short of making a *prima facie* case against the defendant.”

In *Keystone Bridge Co. v. Phoenix Iron Co.*, 14 Fed. Cas. No. 7,751, the defendant supplied the necessary chord-bars for the construction of a bridge. The bridge was built in such a manner as to infringe plaintiff's patent. Suit was brought for contributory infringement. No competent evidence was introduced to show that defendant had acted in concert with the bridge builder in infringing the patent. In holding that there was no contributory infringement, the Court said:

“Now, the respondents are iron manufacturers, and it is shown that the bridge at La Salle, Illinois, was built by Kellogg & Clark, who obtained the iron for it from the respondents, and that the bottom chords used in it were like those claimed by the complainants. This is all the proof of infringement, and I think it falls far short of fixing any accountability upon the respondents. They made the bars, but did not use them—Kellogg & Clark did that. They did only what they had a legal right to do, and did not

thereby assume any responsibility for the wrongful acts, or become involved in the unlawful purposes of others. Nor can this responsibility be imposed upon them, because privity with a wrong-doer is not necessarily to be inferred from the exercise of a legal right."

In *Lane v. Park*, 49 Fed. 454, the patent in suit was for an improvement in the manufacture of plows and cultivators, the invention being the making of such plows and cultivators out of metal plates, having a center layer of soft iron or steel, with exterior layers of cast steel. The defendants were not plow manufacturers, but were steel manufacturers. In the course of their business, they manufactured and sold metal plates having a center layer of soft iron or steel, with exterior layers of cast steel, for use chiefly in the manufacture of plows and cultivators. The defendants, upon the order of purchasers, cut these plates to pattern for plow-shares and cultivator shovels, and also into such shapes and patterns for other purposes as ordered by purchasers. The blanks or pieces so cut to shape for plows and cultivators were shipped to defendants' customers, manufacturers of plows and cultivators, in a flat, unbent, unpolished and unhardened state. Plaintiff contended that defendants were guilty of contributory infringement by reason of their contributory act in cutting the blanks sold to plow manufacturers, who used them in making plows and cultivators in violation of plaintiff's patent rights. Plaintiff relied upon the case of *Wallace v. Holmes*,

5 Fish. Pat. Cas. 37. In holding against plaintiff's contention, the Court said:

"In *Wallace v. Holmes* the defendants made and sold the completed burner, which contained the distinguishing feature of the invention, and which was entirely useless without the lamp chimney; so that, as the court said, every sale of a finished burner was a proposal to the purchaser to supply the chimney, and every purchase was a consent that this should be done. Moreover, the acts of the defendants there were clearly indicative of the intention to infringe, and actual concert with others to do so was a certain inference from the proofs. The case here is rather within the principle of the case of *Keystone Bridge Co. vs. Phoenix Iron Co.*, 5 Fish. Pat. Cas. 468, where, the patent being limited to the use of the described chords in bridge structures, it was held by Judge McKennan that the defendants might lawfully make the chords, and were not responsible for the infringing act of the bridge builders in using them. Now, indisputably the right to manufacture soft center steel plates was open to everybody, and the mere cutting them, according to order, into convenient patterns or shapes, to suit the purposes of the plow-maker or manufacturer of the cultivators, was no encroachment upon the exclusive rights of the plaintiff. *The defendants were not bound to inquire whether or not the purchasers from them were licensed by the plaintiff to use the invention;* and, having done no wrong themselves, they are not answerable for the unlawful acts of others."

In *Edison Electric Light Co. v. Peninsular Light, Power & Heat Co.*, 95 Fed. 669, plaintiff was the owner of certain patented lighting apparatus. It claimed that this lighting apparatus had been installed in the Livingston Hotel under an agreement that the owners of the hotel

had the privilege of using the patented apparatus only during such a period as the owners should continue to take electrical current from plaintiff. For a time, the Livingston Hotel took electric current from the plaintiff, and then discontinued such practice. It was thereupon supplied with electric current by the defendant, Peninsular Company, who, in turn, purchased the current from defendant, Lowell Company. There was no question but that the electric current supplied by the defendants was used by the Livingston Hotel in operating plaintiff's patented lighting apparatus. In holding the Lowell Company not liable, the Court said:

“It is not alleged or claimed that there is any specific agreement, or that it is any part of the contract between the Lowell Company and the Peninsular Company that the latter shall furnish to the Livingston Hotel the current which the Lowell Company sells, and there is nothing in the case to distinguish it from the case of sale of ordinary merchandise to a purchaser, who will, as the vendor expects, sell it to others, who may or will make use of it in violating the rights of others. That which is sold by the Lowell Company has no particular adaptation for use in the Edison system, but is equally adapted to any and all means of electrical distribution and use. *The doctrine of contributory infringement has never been applied to a case where the thing alleged to be contributed is one of general use, suitable to a great variety of other methods of use, and especially where there is no agreement or definite purpose that the thing sold shall be employed with other things so as to infringe a patent right.* The cases which are cited (*Thomson-Houston Electric Co. v. Kelsey Electric Ry. Specialty Co.*, 72 Fed. 1016; *Heaton-Peninsular But-*

ton-Fastener Co. v. Eureka Specialty Co., 25 C. C. A. 267, 77 Fed. 297) do not support the position taken; for in those cases not only was the thing furnished peculiarly adapted to the infringing use, but the court found, as matter of fact, that there was a wrongful purpose on the part of the contributing defendant that the article supplied should be so used. These are the characteristics of a case for making one liable as a contributory infringer."

As to plaintiff's contention that the Peninsular Company was a contributory infringer, by reason of the fact that it supplied electric current direct to the Livingston Hotel, the Court said:

"The record does not show that the Peninsular Company itself uses the current after it is delivered to the Livingston Hotel, but that the hotel proprietors use it, taking it from the Peninsular Company; nor does it show that the Peninsular Company causes the use of the current in the hotel, or does any other thing which incites the alleged infringing use than merely supplying the current. The manner of its use is indifferent to that company. There is no contract that it shall be by the employment of the Edison patents. It is fairly to be inferred that the company knows that it will be so used. The question, therefore, comes to this, whether the vendor of a thing of common merchandise, having no special adaptation to an infringing use, but is equally adapted to a lawful and proper method of use, is responsible for an unlawful method of use by the vendee, when the vendor knows that the vendee intends the unlawful method of use, but the vendor has no interest in, and makes no stipulation for, the employment of a method of use which invades the rights of another, is liable for such unlawful use. This subject has already been considered in dealing with the Lowell Company. I do not think the law of patent rights has been carried

to this extent, and legal analogies everywhere else are to the contrary. . . . The drift of decision in regard to contributory infringement seems to me to be in conformity with those analogies, and to require, in order to hold one liable as a contributor, that he should have a purpose or interest reaching into the unlawful use, and that mere knowledge by the vendor of an intended unlawful use by the vendee of a common article of merchandise sold to him would not be sufficient. . . . *It would be an intolerable burden upon the business of the community if the seller in every such case was bound to ascertain, at his peril, whether a valid patent right was being infringed by his vendee.*"

In *Rupp & Wittgenfeld Co. v. Elliott* (C. C. A.—6th), 131 Fed. 730, 732, suit was brought for contributory infringement of a patent for improvement in machines for attaching buttons to shoes. The patented machines were adapted and intended to take a coil of continuous wire, feed the same to a convenient point in the machine, sever a section of the wire therefrom, construct and form a staple through the eye of a shoe botton, drive the staple through the leather of the shoe, and clinch the same in position. In this connection, it was necessary to use wire of a certain size, and a certain temper or color, and coiled or put up in packages so shaped as to be received into the appropriate part of the machine. The complaint charged that the defendants, with full knowledge of plaintiff's patent rights, sold coils of wire with the express intent that the wire so sold be used in infringing plaintiff's patent. The case was before the Circuit Court on a ruling of the Trial

Court overruling a demurrer to the complaint. Excerpts from the complaint are set forth in the opinion, with italics by the Court, as follows:

“It is then averred and charged that the defendants have been engaged ‘in selling, from time to time, *to the said users* of the Elliott machines, and for the purpose *and with the express intent that the same shall be used* upon the Elliott machines, wire put up in spools or coils, and not furnished by the Elliott Machine Company,’ and that said wire so furnished and sold to the users of such machines ‘is put up on spools or coils of the exact form, shape, size, color, and appearance of the spools or coils furnished by the Elliott Company, and of the exact form, shape, and size suitable for use upon the Elliott machines, *and suitable for no other use.*’”

The Court held that by reason of the italicized allegations, the complaint stated a cause of action. In recognition of the well established rule of contributory infringement, however, the Court added:

“The mere sale of wire which might be used in the Elliott machines, or for some other noninfringing use, would by no means constitute the appellants infringers. It is the sale of wire adapted to the infringing use, with the intent and purpose that it shall be so used, which constitutes contributory infringement. *It is the intent and purpose to aid and assist in bringing about an infringement which is the essence of the tort. . . .*

“*The intent that the article sold shall be used in an infringing way must be made out.*”

Other cases in which the principles enunciated in the foregoing cases are set forth and followed are:

Robbins v. Aurora Watch Co., 43 Fed. 521;

Cary Mfg. Co. v. Standard Metal Strap Co., 113 Fed. 429;

Standard Computing Scale Co. v. Computing Scale Co., 126 Fed. 639;

Cortelyou v. Charles E. Johnson & Co., 145 Fed. 933;

Handel Co. v. Jefferson Glass Co., 265 Fed. 286.

E.—WHERE THE CHARGE OF CONTRIBUTORY INFRINGEMENT IS BASED UPON THE FURNISHING OF AN ESSENTIAL PART OF A PATENTED COMBINATION, AND THE PART FURNISHED IS SUSCEPTIBLE OF AN INNOCENT USE, PLAINTIFF HAS THE BURDEN OF AFFIRMATIVELY PROVING AN INTENT THAT THE PART FURNISHED SHOULD BE USED IN AN INFRINGING WAY.

This rule of evidence is fundamental. To state a cause of action for contributory infringement, plaintiff must allege that defendant knowingly and intentionally aided in an infringement of plaintiff's patent. To sustain the cause of action alleged, plaintiff must prove guilty knowledge and intent by competent evidence, *and the burden of so doing is upon him.*

The rule is stated in 48 Corpus Juris, at page 360, as follows:

“Intent and Contributory Infringement. That it was easy for defendant to have disproved an intention to infringe, and that he did not do so, is not presumptive

evidence that he entertained such intention. . . . In an action for contributory infringement, *plaintiff has the burden of showing an intention on the part of defendant to aid another person in infringing the patent*; and while a person who sold an article capable of use only in a patented combination is presumed to have intended it should be so used, yet where the article is also capable of other uses, an intent that it should be used in an infringing way must be affirmatively shown.”

In *General Electric Co. v. Sutter*, 186 Fed. 637, in dismissing the case because of plaintiff’s failure to sustain the burden of proof in the premises, the Court said:

“The legal principles governing contributory infringement are clear. Contributory infringement exists where one knowingly concert or acts with another in an unlawful invasion of a patentee’s rights. If such assistance is given by furnishing an essential part of an infringing combination and the part furnished is adapted to no other than an infringing use, such contribution makes him a contributory infringer. On the other hand, if the part furnished is adapted to other and lawful uses, in addition to infringing uses, then an intent to furnish for infringing use must be established before the furnisher can be held a contributory infringer. In the present case the transformers were adapted to other and lawful uses besides the use the Light Company made of them. *The burden is therefore on complainant to show a knowledge or intent on the part of the Transformer Company that the transformers were to be used for infringing purposes.* That burden, we think, the complainant has not met. . . .

“In the absence of proof of such unlawful purpose and of any other than good faith on respondents’ part, we are constrained to hold the charge of contributory infringement has not been made out, and the bill must be dismissed.”

In *Whitney v. New York Scaffolding Co.* (C. C. A.—8th), 243 Fed. 180, 184, 185, the Court said:

“It was indispensable to proof of such infringement that there should be substantial evidence that Whitney made and sold hoisting machines of the type of the Little Wonder *with the intent or for the purpose of aiding others in the unlawful making, selling, or using of the patented invention of Henderson.* . . .

“The question in contributory infringement is whether or not the defendant made or sold his machine or improvement with the intent or purpose of aiding another in the unlawful making, selling, or using of a third person’s patented invention. *The burden is on the plaintiff to establish the affirmative of this issue.*”

F.—SOYA BEAN FLOUR IS A STANDARD ARTICLE OF COMMERCE AND IS SUSCEPTIBLE OF A NUMBER OF DIFFERENT USES.

The Appellant Lilly Co. has manufactured soya bean flour since 1916 or 1917, and has sold the product by the ton or by the carload. It has manufactured the flour for use in the making of tree spray and has also manufactured it for edible purposes. It has sold the product locally, in California, Michigan and Pennsylvania. The soya bean flour so manufactured and sold is the company’s standard soya bean flour ground to 100 mesh or better. Whenever an order is received, the flour is ground to 100 mesh or better and the order is filled (R. 225, 226). The company has established a standard price for the product from time to time, governed by the buying price and the cost of man-

ufacture (R. 235). The flour is sold to grocery stores, spray manufacturers, glue people and furniture manufacturers (R. 227).

Since 1927, Appellant Lilly Co. has imported from the Orient an average of 1,800 to 2,000 tons of soya bean meal a year. Approximately 150 tons are processed into flour each month and disposed of in the open market (R. 228).

There are a number of concerns in the City of Seattle which manufacture soya bean flour for glue purposes. Among them are Fisher Flouring Mills, Albers Bros. Milling Company and Soya Millers, Inc. (R. 230).

Aside from the uses above mentioned, finely ground soya bean meal for a long period of time has been sold and used extensively for fertilizer purposes and as feed for live stock. This use was stressed by Appellee's own witnesses (R. 238, 252).

The testimony showed without contradiction that soya bean flour was, and for a long period of time prior to the application for the patents in suit had been, a standard article of commerce which had been put to a variety of different uses. Its use as a glue base is only one of the many uses to which it has been put. It is a staple article of commerce manufactured and sold by flour millers generally.

G.—SOYA BEAN FLOUR HAS BEEN USED EXTENSIVELY IN MAKING NONINFRINGEMENT SOYA BEAN ADHESIVES.

As pointed out in the preceding subsection, one of the commercial uses made of soya bean flour is in the manufacture of adhesives. It is sold by a number of flour manufacturers for that purpose. The product is used by a number of glue manufacturers. Appellant Lilly Co., besides selling to Kaseno Products Co., has sold soya bean flour to other glue manufacturers. Among them are Perkins Glue Company, located in Pennsylvania, Hercules Glue Company, located in California, and Henning Manufacturing Company, located at Saginaw, Michigan. Sales have been made to these concerns by the ton and by the car-load (R. 232).

The evidence conclusively showed that soya bean flour had been used extensively in making adhesives which did not infringe either of the patents in suit. It will be borne in mind that the only glue which would infringe the claims of the Caustic Soda Patent upheld by the Trial Court would be a glue containing soya bean flour and caustic soda. The only glue which would infringe the claims of the Carbon Bisulphide Patent upheld by the Trial Court would be a glue containing soya bean flour and carbon bisulphide.

There are a number of combinations of chemicals which, when combined with water, produce caustic soda by double decomposition. Lime and sodium salts, when com-

bined with water, thus produce caustic soda. The element of discovery in the Caustic Soda Patent, however, was the use of the particular chemical, caustic soda, as such, in making seed residue glues, as contrasted to the use of double decomposition chemicals. The specification points out that when the usual chemicals employed in making casein glue, namely, lime and sodium silicate, double decomposition chemicals, are added to a vegetable protein-containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue. When, however, instead of using lime and sodium silicate, or other double decomposition chemicals, the particular chemical, caustic soda itself, is used, a much better glue is obtained (R. 71). It is stated in the specification that in practice, there is a great difference between vegetable protein-containing glues made up by treatment with caustic soda, as such, and glues made by treatment with lime and sodium salts, which, by interaction, *may* produce caustic soda (R. 72). The inventors did not know why this difference existed but stated that it might be due to the presence of colloids, and the vegetable protein interfering with the expected interaction.

It will be seen, therefore, that the inventors acknowledged that seed residue glues, for example, soya bean glues, could be made without the use of caustic soda, but that they were not as good as glues made with caustic soda. The

discovery was that a *better* glue could be made by using caustic soda, as such, than could be made by using the ordinary double decomposition chemicals. That this was the teaching and element of discovery of the Caustic Soda Patent was pointed out by the witness Laucks (R. 245). No claim was made in the patent, nor at the trial below, that soya bean glues could not be made except by the use of caustic soda. Both the statements in the specification and the evidence introduced in the case showed that soya bean glues could be and had been made without the use of caustic soda.

Coming now to a consideration of the Carbon Bisulphide Patent, we find that it likewise acknowledges that the chemical there claimed, namely, carbon bisulphide, is not essential in making soya bean glues. The specification again points out that when the usual chemicals employed in making casein glue, namely, lime and sodium silicate, are added to a vegetable protein-containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue (R. 82). The specification further points out that by the use of caustic soda with such vegetable protein-containing matter, a much better glue is obtained (R. 82). The specification continues by pointing out the invention of the patent that when carbon bisulphide is added, this chemical imparts very great water resisting properties to the glue (R. 83).

The discovery of the inventors was that by adding carbon bisulphide in making a seed residue glue, the water resistance of such glue was increased. That this was the teaching and element of discovery of the Carbon Bisulphide Patent was definitely pointed out by the witness Laucks (R. 245). No claim was made in the patent, nor at the trial below, that soya bean glues could not be made except by the use of carbon bisulphide. Here again, the statements in the specification and the evidence introduced at the trial showed that soya bean glues could be and had been made without the use of the chemical covered by the patent, namely, carbon bisulphide.

The witness Laucks testified as to several glues which might be made from soya bean flour without the use of either caustic soda or carbon bisulphide. In commenting on the Johnson Patent, the witness stated that there were other combinations of chemicals besides sodium fluoride and lime which with soya bean flour and water would produce adhesives. He stated that adhesives might be produced by most of the double decomposition combinations, such as lime and carbonate, lime and phosphate, and lime and most any of the alkaline salts. The witness stated that all of these combinations would produce adhesives with soya bean flour and water, but that only a few of the combinations would produce a veneer glue (R. 239). Glues made by the use of these chemicals would not infringe the

claims of the patents here involved, for none of such glues would contain either caustic soda or carbon bisulphide.

Appellee has manufactured and sold large quantities of soya bean glues not made under or covered by either of the patents in suit. The witness Eilertsen, Appellee's secretary, treasurer and sales manager, called as a witness by Appellee, testified that Appellee entered into the manufacture of soya bean seed residue glue in the early part of 1923 (R. 200), and that its glues were used by the Olympic Veneer Company, at Olympia, Washington, and the Tacoma Veneer Company, at Tacoma, Washington, in 1923 and 1924 (R. 201). He testified that Appellee instructed the users of its glues to add caustic soda in mixing the glues in the year 1923 (R. 200). He further testified that after Appellee had originally introduced the use of caustic soda, it discontinued its use for a period in some formulae, and that during this period Appellee stressed its ready mixed glue, which did not contain caustic soda (R. 200). He further testified that at the end of the year 1926, Appellee reintroduced the use of caustic soda, as such, commercially (R. 200).

The witness Laucks testified that Appellee's first glue was made in 1923 with caustic soda, as such, and that for a year or so Appellee tried to introduce that glue (R. 242). He testified that in 1925, Appellee put out a ready mixed

glue and worked for a year or so trying to introduce ready mixed glues, but that after a struggle of a year or so, Appellee went back to the use of caustic soda (R. 242).

Under Appellee's own testimony, therefore, it was definitely established that Appellee had manufactured and sold glues not containing caustic soda, and therefore not covered by the Caustic Soda Patent.

The witness Eilertson testified that in 1926, the plywood manufacturers needed improved water resistance in their product and that in April, 1926, Appellee introduced carbon bisulphide for the purpose of increasing the water resistance of the glue (R. 198). He testified that the use of carbon bisulphide commercially commenced in April, 1926 (R. 200).

For three years, therefore, from 1923 to 1926, Appellee manufactured and sold soya bean glues which did not contain carbon bisulphide, and which therefore were not covered by the Carbon Bisulphide Patent.

The foregoing shows that it was conclusively established, under Appellee's own testimony, that glues could be and had been made from soya bean flour without the use of either caustic soda or carbon bisulphide. In other words, Appellee proved that a glue manufacturer might use soya bean flour in making noninfringing glues.

Kaseno Products Co. has manufactured and sold non-infringing soya bean flour glues. The witness Eilertsen

testified that that company had been furnishing soya bean glues to the trade since 1923 (R. 202). He further testified, however, that none of the defendant companies was using caustic soda prior to 1926 (R. 200). He further testified that none of the defendant companies was using carbon bisulphide commercially prior to 1926 (R. 200).

From the testimony of Appellee's own witness, therefore, it appears that Kaseno Products Co. for a period of three years manufactured and sold noninfringing glues.

The witness Linquist, president of Kaseno Products Co., testified that that company commenced the use of soya bean meal in making glues in 1923 (R. 208). He testified, however, that the first use of caustic soda was in March, 1927 (R. 215), and that the first use of carbon bisulphide was in March, 1928 (R. 210).

On cross-examination, the witness Linquist gave several formulas under which Kaseno Products Co. manufactured and sold soya bean glues which did not contain either caustic soda or carbon bisulphide. One of such formulas contained the following ingredients: Casein, 25 pounds, tri-sodium phosphate, 9 pounds; lime, 4 pounds, and soya bean flour, 62 pounds (R. 214). This is a noninfringing glue. Another noninfringing glue which this company sold commercially was made from the following formula: Lactic casein, 3 pounds; soya bean flour, 10 pounds; tri-sodium phosphate, $\frac{1}{2}$ pound; hydrated lime, 3 pounds. Thirty-

three pounds of that base was used with tri-sodium phosphate, $\frac{1}{4}$ pound; perborate of soda, .30, and silicate of soda, 8 pounds (R 214). Another noninfringing glue made by this company was made from the following formula: Casein, 18 pounds; soya meal, 60 pounds; tri-sodium phosphate, $4\frac{3}{4}$ pounds; sodium perborate, 1 pound, and lime, 18 pounds. The glue made from this formula was used at the Elliott Bay Mill from December, 1926, to October, 1927 (R. 215).

It was definitely established, therefore, by the testimony of Appellee's own witness and by the undisputed testimony of other witnesses in the case, that soya bean flour could and had been extensively used in manufacturing noninfringing soya bean glues.

What has been said heretofore regarding noninfringing soya bean glues has been with reference to glues containing soya bean flour itself as a base, rather than isolated soya bean protein. It will be remembered that in view of the prior art cited by the defendants, plaintiff formally disclaimed isolated soya bean protein from the scope of the Caustic Soda Patent. As pointed out by Appellee's own witnesses, the prior art taught the use of chemically isolated vegetable protein in the manufacture of adhesives. Several of the many instances of such teaching of the prior art were pointed out by the witness Laucks (R. 236, 237). This testimony was corroborated by the testimony of other

of Appellee's experts (R. 251, 254, 255). The teaching of the literature up to 1922 or 1923, according to Appellee's witnesses, was to chemically treat vegetable protein-containing matter, such as soya bean flour, so as to extract the protein therefrom and then combine this isolated protein with chemical agents so as to produce adhesives. During the course of the trial, Appellee filed a disclaimer, disclaiming chemically isolated soya bean protein from the specification and claims of the Caustic Soda Patent (R. 98). Neither Claim 13 nor Claim 14 of the Carbon Bisulphide Patent covers isolated soya bean protein; both claims specify soya bean flour. A glue made with isolated soya bean protein as a base would not infringe either of the patents in suit, so far as the claims with which we are here concerned are involved.

To show that such noninfringing glue may be made, we again respectfully direct the Court's attention to the testimony of Appellee's own witnesses. The witness Tartar testified that he made tests with isolated soya bean protein, using the following chemicals: Water, caustic soda and carbon bisulphide, in glue requirements. These chemicals were mixed with purified protein extracted from soya bean flour. The combination was mixed up as glue in a regular glue mixer and spread upon panels, which were thereafter tested in the regular manner. The tests showed the resultant glue had a dry breaking strength of 302

pounds per square inch, and a wet test of 118 pounds per square inch (R. 261). Other tests made with the same materials, except that the carbon bisulphide was omitted, showed a dry strength of 225 pounds per square inch, and a wet test of 53 pounds per square inch (R. 261).

The strength of these isolated soya bean protein glues compared very favorably with the strength of glue containing soya bean flour, caustic soda and water, made under the Caustic Soda Patent. The witness Laucks testified that the latter glue had a wet strength of about 40 pounds per square inch (R. 246).

A committee of experts, chosen by Appellee, made extensive tests with glues containing chemically isolated soya bean protein as a glue base. These tests showed conclusively that such a glue had an exceptionally good dry strength and wet strength. As a result of the tests, it was shown that several of the glues made with isolated soya bean protein as a glue base had considerably greater strength than glues made with soya bean flour as a glue base. The results of the tests are depicted on Plaintiff's Exhibit No. 86, and are set out in detail in the Transcript of the Record (R. 255-259).

The witness Laucks testified that the results found by this committee of experts were in line with Appellee's own experience. The witness testified that he did not have to go to the committee's findings to know exactly the same

thing as there shown, inasmuch as he had seen it time and time again from his own experiments and Appellee's own work and experience over a period of eight years' time (R. 241).

The same committee of experts made tests showing the effect of varying the amount of caustic soda in isolated soya bean protein glues. Isolated soya bean protein was used as a glue base. A series of tests was made using amounts of caustic soda from 1 pound to 10 pounds. The dry strengths ranged from 162 pounds per square inch to 383 pounds per square inch. The wet strengths ranged from zero to 88 pounds per square inch (R. 259, 260), and are depicted on Plaintiff's Exhibit No. 85.

The testimony of Appellee's own witnesses, therefore, conclusively proved that a glue manufacturer might take soya bean flour, extract the protein therefrom, and make a noninfringing glue, having isolated soya bean protein as a glue base.

The evidence further showed that Appellee is the owner of a patent covering a particular process of chemically isolating the protein from soya beans for use as a base for an adhesive (R. 245).

Carrying the argument one step further, the evidence showed the Kaseno Products Co. used isolated soya bean protein as a glue base in certain of the glues manufactured and sold by it (R. 211).

It appears, therefore, that there are a great many ways of making soya bean adhesives without infringing the claims of the patents involved in this appeal.

Inasmuch as the article sold by Appellant Lilly Co. was a standard article of commerce, susceptible of a variety of uses, and inasmuch as it could be used in making noninfringing adhesives, it was incumbent upon Appellee, under the authorities hereinbefore cited, to affirmatively show that Appellant Lilly Co. furnished soya bean flour to Kaseno Products Co. knowing that the latter company would use the flour in making an infringing glue and intending that it should be so used.

H.—APPELLEE FAILED COMPLETELY TO PROVE ANY GUILTY KNOWLEDGE OR INTENT ON THE PART OF APPELLANTS, WHILE APPELLANTS BY UNDISPUTED PROOF SHOWED LACK OF KNOWLEDGE OF INFRINGEMENT OR INTENT TO AID IN INFRINGEMENT.

The record is entirely void of any evidence tending to show that Appellants knowingly or intentionally aided their codefendant, Kaseno Products Co., in committing any infringing acts. Appellee failed to show that Appellants had any knowledge that Kaseno Products Co. was making an infringing glue. Appellant Lilly had a conversation with Mr. Laucks on February 28, 1928, approximately one year before suit was started (R. 228). Mr. Laucks then placed an order for soya bean flour, which order was followed up

by other orders for various quantities (R. 229). Another such conversation was had April 19, 1928, several months before the commencement of suit (R. 229). No mention was made at either time of any patents owned by Appellee. No claim was made that Kaseno Products Co. was making an infringing glue. At the time of these conversations, however, Appellee had known since April, of 1926, that Kaseno Products Co. was infringing the patents in suit (R. 198). Notwithstanding this fact, Appellee made no disclosure of the same to Appellants, and Appellants had no knowledge of such infringing acts.

Appellee failed completely in establishing the allegations of its complaint that Appellants intentionally aided in infringement. There was no proof whatever offered to substantiate the accusations made in this connection. All that was shown was that Appellant Lilly Co. sold soya bean flour to Kaseno Products Co. for use in making adhesives, which fact Appellants had already admitted.

On the other hand, Appellants conclusively proved, by undisputed and uncontradicted evidence, a complete lack of any guilty knowledge or intent.

The evidence showed that Appellant Lilly Co. operates a flour mill and is engaged in the fertilizer business and seed business. It grinds various kinds of flour. It grinds wheat flour principally. It also grinds bran, whole

wheat, and has ground rice flour. Its flour mill was built in 1905. Since that time, it has been engaged in the milling of different kinds of flour (R. 227). Appellant Lilly has been actively connected with the operation of the company for the past twenty-five years (R. 225).

Appellant Lilly Co. commenced the manufacture of soya bean flour in 1916 or 1917. At that time, the flour was manufactured for use as tree spray and for edible purposes. The company's regular soya bean flour, ground in the usual manner, is all practically 100 mesh or better. That is its standard soya bean flour, 100 mesh or better being its regular fineness (R. 226). The product is sold on the open market. Sales are made to grocery stores, spray manufacturers, glue people and furniture manufacturers (R. 227). All sales made to Kaseno Products Co. were made in the usual course of business. The Appellant Lilly Co. was simply filling orders that came to it in the regular course of business (R. 230). Kaseno Products Co. was granted no concession in price (R. 235). Appellant Lilly Co. has never been engaged in the treating or processing of flour with chemicals of any kind. None of the flour sold to Kaseno Products Co. was ever treated with chemicals by Appellant Lilly Co. (R. 227). Appellants were never familiar with the process by which Kaseno Products Co. manufactured its adhesives (R. 228). Neither Mr. Laucks nor anyone connected with Appellee ever notified Appellants that they claimed Kaseno Products Co.

was infringing any patent held by Appellee (R. 230). Appellants did not know that Appellee owned patents covering the manufacture of glue from soya bean flour (R. 232). Appellants have never had any connection whatsoever with Kaseno Products Co. nor have they ever had any financial interest in that company (R. 233). Appellants have never in any manner superintended or suggested to Kaseno Products Co. the use which might be made of soya bean flour. Appellants have never suggested or recommended to any glue manufacturer the particular manner in which soya bean flour might be used in the manufacture of any adhesive (R. 233). Appellants have never suggested any commercial product or material of any kind which was suitable for use with the soya bean in manufacturing adhesives. Appellants have never at any time had any knowledge of any particular material or chemical which might be combined with soya bean flour in making adhesives (R. 233).

The foregoing evidence is undisputed. Appellee made no effort whatsoever in rebuttal to contradict this testimony. Under all the evidence in the case, it was conclusively established that Appellants were guilty of no wrongdoing.

Appellants did not furnish soya bean flour to a concern organized solely for the purpose of making soya bean glue. Kaseno Products Co. has been engaged in the man-

ufacture of various adhesives since 1918 (R. 208). There were no circumstances in connection with the sales made by Appellant Lilly Co. to Kaseno Products Co. which would in any manner indicate that the latter company was infringing the patents in suit.

Appellee failed to show any intentional aiding of Kaseno Products Co. by Appellants in a violation of Appellee's patent rights. The evidence failed to show that the soya bean flour sold by Appellant Lilly Co. was sold with the intention or for the purpose of bringing about its use in the patented combinations claimed by Appellee. There was no proof of any conspiring among the defendants to infringe upon the patents, as alleged. There was no evidence of any concert of action between the defendant, Kaseno Products Co., and Appellants. There was no proof of any knowledge on the part of Appellants that their codefendant was violating Appellee's patent rights. There was no proof that the article sold by Appellants could only be used in an infringing manner. The evidence showed just the contrary, for, as pointed out above, it was established that there were a number of uses for soya bean flour and that noninfringing adhesives could be and had been made from soya bean flour and isolated soya bean protein. No presumption of guilty knowledge or intent can be invoked, therefore, to assist Appellee in establishing its case. There was a complete failure of proof of the es-

sential elements which constitute the tort of contributory infringement.

As contrasted to this lack of any evidence to establish Appellee's alleged cause of action is the abundance of evidence on the part of Appellants that they were entirely innocent of the charge made against them. The evidence showed without contradiction that they had no knowledge of the patent or of the manner in which their codefendant manufactured its glues; that they did not know what chemicals could or should be employed in making glue; that the article sold by them was a standard article of commerce susceptible of a number of different uses; that they had been selling this product for years prior to the time the application for Appellee's patents were made; that all sales made by them were made in the usual course of business and to a number of different concerns.

The Trial Court held that the stipulation (R. 103) that Appellant Lilly Co. had sold soya bean flour, ground to 80 mesh or finer, to Kaseno Products Co. for use in the manufacture of adhesives by that company, together with the two letters written to the Arabol Company (R. 104, 106), showed that it was the intent of Appellants that the soya bean flour sold by them should be used by their codefendants in the manufacture of the products covered by the patents, and were sufficient to show contributory infringement (R. 154). The fact that the product sold and

referred to in the letters could be used for other purposes and in making noninfringing adhesives was entirely overlooked.

It is submitted that the stipulation and letters on which the Trial Court based its decision were no proof whatever of an intent or purpose on the part of Appellants to aid in infringement of Appellee's patents. They do not in any way tend to show that Appellants knowingly aided in an infringement. The Kaseno Products Co. might well have been making soya bean glues not covered by the patents. In fact, the evidence showed that a considerable quantity of the glue it made did not infringe the patents. The fact that Appellant Lilly Co. sold its flour for use in making adhesives proves nothing, because it could and did use a considerable quantity of that flour in making noninfringing adhesives. The fact that Appellant Lilly Co. suggested to the Arabol Company that it do some experimenting with soya bean glues and investigate the use of soya bean flour certainly does not show an intent on the part of Appellants to aid Kaseno Products Co. in infringement. Even if Appellants knew of the existence of the patents in suit, which was not the fact, they certainly would presume that if the Arabol Company intended to manufacture a glue under the formulas covered by the patents, it would do so under a license from Appellee. The letters written to the Arabol Company were the ordinary letters which a manufacturer or wholesaler would write in an effort to introduce its products

to the trade. Similar letters were sent out to other concerns than glue manufacturers (R. 228). The Arabol letters and like letters were simply an exploitation of soya bean flour, in an attempt to develop markets for soya bean flour (R. 228). These letters were not material on the issue of whether or not Appellants knowingly and intentionally aided Kaseno Products Co. in manufacturing an infringing glue.

It is respectfully submitted that the Trial Court was in error in this regard, and that under the authorities and the evidence Appellants acted entirely within their rights in selling a standard article of commerce manufactured by them, and were not guilty of contributory infringement.

**ARGUMENT POINT II—Appellant Wilmot H. Lilly
Should Not Be Held Liable in Any Event.**

A.—THE OFFICERS AND AGENTS OF A CORPORATION, WHEN THEY ACT MERELY AS ITS OFFICERS OR AGENTS, ARE NOT LIABLE FOR ITS INFRINGEMENT OF A PATENT; IT IS ONLY WHEN THE OFFICERS ACT OUTSIDE THE SCOPE OF THEIR OFFICIAL DUTIES THAT THEY BECOME LIABLE.

As to the personal liability of the officers and agents of an infringing corporation, the law is now well settled. The officers and agents are not personally nor individually liable when they act merely as such officers or agents. They only become individually liable under special circumstances when they act outside the scope of their official duties. The rule

is tersely stated in *New Departure Mfg. Co. v. Rockwell-Drake Corp.*, 287 Fed. 328, at page 334, as follows:

“It is not enough to charge a corporate officer with infringement that he acted as such officer, even when the corporate business was infringement; he must be shown as acting beyond the scope of his office.”

The rule was stated and followed in *D’Arcy Spring Co. v. Marshall Ventilated Mattress Co.*, 259 Fed. 236, where the Court said, at page 242:

“The individual defendant, D’Arcy, the president and general manager of the corporation, was held personally liable for accounting as well as for injunction. This is complained of here, although it is not entirely clear that the point was ever brought to the attention of the district judge. It is the rule in this circuit that such individual liability for damages and profits on infringement does not exist unless the officer inflicted the damages or received the profits otherwise than through the usual relations between officer and corporation. *McSherry Co. v. Dowagiac Co.*, 160 Fed. 948, 965, 89 C. C. A. 26. There is neither allegation nor proof of any extraordinary relation in this respect, and the accounting for profits and damages should not have been ordered against D’Arcy.”

In *American Machinery Co. v. Everedy Machinery Co.*, 35 Fed. (2nd) 526, the Court said, at page 528:

“In the case of a corporation infringer, its employees, nor even its officers, nor managers, are visited with personal responsibility. This is true, although such employee may have had full knowledge, and as such employee full concurrence, in the infringing act. This measure of concurrence and participation in the infringement does not render them liable. The supporting reasons for this ruling need no statement.”

Other cases in which the same rule is approved and followed are:

Smalley v. Auto Specialists, 7 Fed (2nd) 710;

Vapor Car Heating Co. v. Gold Car Heating & L. Co., 296 Fed. 201;

Fyrac Mfg. Co. v. Bergstrom, 24 Fed. (2nd) 9;

Booth v. Stutz Motor Car Co. of America, 56 Fed. (2nd) 962;

Fulton Co. v. Janesville Laboratories, Inc., 29 Fed. 913.

It is true that there are some early cases which apparently announce a different rule. From a review of the authorities, however, it will be seen that in each case, with the exception of possibly one or two of the very early decisions, there were unusual circumstances which justified the Court in believing that the acts of the officers were deliberate and willful and done under the belief that the corporation afforded them protection. These are the cases which give rise to the so-called minority rule.

The true rule is announced in *Dangler v. Imperial Machine Co.*, 11 Fed. (2nd) 945, where, after discussing and analyzing the authorities on the point, the Court said, at page 947:

“After due consideration of the various authorities, as well as the reasons back of the two positions, we adhere to the *Cazier v. Mackie-Lovejoy Mfg. Co.* decision, and hold that, in the absence of some special showing, the managing officers of a corporation are not liable for the infringements of such corporation, though

committed under their general direction. The uncertainty surrounding the questions of validity and infringement make any other rule unduly harsh and oppressive.

“It is when the officer acts willfully and knowingly—that is, when he personally participates in the manufacture or sale of the infringing article (acts other than as an officer), or when he uses the corporation as an instrument to carry out his own willful and deliberate infringements, or when he knowingly uses an irresponsible corporation with the purpose of avoiding personal liability—that officers are held jointly with the Company.”

B.—IT HAS BEEN HELD THAT IN THE ABSENCE OF SPECIAL CIRCUMSTANCES WHICH WOULD MAKE AN OFFICER OF A CORPORATION INDIVIDUALLY LIABLE FOR PROFITS AND DAMAGES, HE IS NOT A PROPER PARTY AND THE BILL AS TO HIM SHOULD BE DISMISSED, EVEN THOUGH THE CORPORATION, ITS OFFICERS AND AGENTS, ARE ENJOINED.

In a number of cases the Courts have not only refused to hold an officer or agent liable for profits or damages, but have held that in the absence of special circumstances which would make him individually liable, he is not a proper party to the action, inasmuch as an injunction against the corporation would run against its officers and agents.

In *Hutter v. De Q. Bottle Stopper Co.*, 128 Fed. 283, the Court said, at page 286:

“Francis H. Ruhe, who is alleged in the bill to be secretary, treasurer and one of the directors of the defendant company, is made a party defendant. There

is not the slightest proof to establish infringement by him as an individual and no sufficient reason is shown for making him a defendant. An injunction against the corporation restrains all its officers, agents and servants and there is little justification for making these persons defendants except in rare instances where it is shown that they have infringed the patent as individuals or have personally directed infringement. The courts of this circuit have frequently had occasion to criticise this practice and have, in some instances, imposed costs upon the complainant as a penalty for thus subjecting innocent parties to the expense and annoyance of defending themselves against an unwarrantable accusation. *Farmers' Mfg. Co. v. Spruks Mfg. Co.* (C. C.), 119 Fed. 594; *Consolidated Fastener Co. v. Columbian Fastener Co.* (C. C.), 79 Fed. 795; *Bowers v. Atlantic Co.* (C. C.), 104 Fed. 887; *King v. Anderson* (C. C.), 90 Fed. 500; *Greene v. Buckley* (C. C.), 120 Fed. 955; *Rowbotham v. Iron Co.* (C. C.), 71 Fed. 758; *Linotype Co. v. Ridder* (C. C.), 65 Fed. 853; *Howard v. Plow Works* (C. C.), 35 Fed. 743."

To the same effect is the decision in *Trico Products Corp. v. Ace Products Corp.*, 30 Fed. (2nd) 688. In dismissing the bill as to the individual defendants, the Court said:

"The suit is brought against the Ace Products Corporation and against George M. La Vietes and Miriam F. La Vietes. The bill of complaint alleges, and defendants' answer admits, that George M. La Vietes is the president, and Miriam La Vietes is the secretary and treasurer, of the Ace Products Corporation. The only facts admitted or proved associating the individual defendants with the acts complained of are the official positions which these individuals hold in the company, and that George M. La Vietes is in sole control of the Ace Products Corporation. There is no evidence presented tending to show that the Ace Products Com-

pany is insolvent or that either or both of the individual defendants, George M. La Vietes and Miriam F. La Vietes, acted beyond the scope of their offices, or that they personally participated in the manufacture or sale of the alleged infringing article other than as officers, or that they used the defendant company as a cloak to avoid personal liability. Under this state of facts, it should be found that the individual defendants are not liable for the alleged infringing acts, *and the bill as to them should be dismissed.* *Dangler et al v. Imperial Machine Co. et al* (C. C. A.), 11 F. (2d) 945; *Tinsel Corporation of America v. B. Haupt & Co., Inc., et al* (D. C.), 25 F. (2d) 318.”

In *Art Metal Works v. Henry Lederer & Bro.*, 36 Fed. (2nd) 267, in granting a motion to dismiss a bill as against the manager of an alleged infringing corporation, the Court said:

“The complaint alleges, in substance, in paragraph eight, that, at all relevant times, the Lederer Company maintained a regular and established place of business at 9-11 Maiden Lane in this city; that the defendant Schrage was within the times mentioned in the complaint managing agent of the Lederer Company in charge of such office; that he contributed to the infringement of the patents mentioned in the suit by soliciting and obtaining orders for contracts for the sale of the infringing cigar lighters; that he sold them on behalf of and in the name of the Lederer Company; that he has, apparently personally, used the said infringing cigar lighters and has accepted payment from purchasers to whom he has sold them; and that during the period mentioned in the complaint, has derived and continues to derive personal profits from such sales—all without license, authority, or permission from the plaintiff.

* * *

“Assuming, therefore, for the purposes of this motion, that the defendant Schrager was at all relevant times and now is the managing agent of the Lederer Company in charge of a place of business of that company in this city, it seems to me that all the acts of which he is accused would naturally fall within the scope of his employment as such managing agent.

“An allegation that Schrager has derived personal profits from the sale of cigar lighters does not necessarily mean that he did more than receive a salary and/or commissions as managing agent for making such sales.

“I think such a statement of a general conclusion of fact is not sufficient to take the case out of the settled rule that suits for patent infringement should not be maintained against an officer or employee of a corporation unless infringement outside of the scope of his authority as such officer or employee is affirmatively shown. *Cazier v. Mackie-Lovejoy Mfg. Co. et al* (C. C. A.), 138 F. 654, 656; *Davis et al v. Motive Parts Corporation et al* (D. C.), 16 F. (2d) 148, 149; *Walker on Patents* (6th Ed.) § 460, vol. I, p. 560, footnote No. 157.”

The same rule was followed in *Tinsel Corporation v. B. Haupt & Co.*, 25 Fed. (2nd) 318.

These cases are cited to show the extent to which some Courts have gone in dealing with the question of making corporate officers parties defendant in infringement suits.

C.—APPELLANT LILLY AT NO TIME ACTED OTHER THAN AS AN OFFICER OF APPELLANT LILLY CO., AND AT NO TIME ACTED OUTSIDE THE SCOPE OF HIS OFFICIAL DUTIES.

Assuming for the sake of the argument that plaintiff had proven its case against Appellant Lilly Co., it failed com-

pletely to establish any case against Appellant Lilly. The complaint alleged, as against Appellant Lilly, that he was the president of Appellant Lilly Co., that he directed and controlled all its acts, and that he was directly and personally in charge of conducting the infringing acts complained of as against Appellant Lilly Co.

Appellants, in their answer, denied that Appellant Lilly was personally in charge of conducting any acts of infringement as alleged with respect to Appellant Lilly Co. and denied that he directed and controlled all its acts.

On direct examination, Appellant Lilly testified that for five years he had been president of Appellant Lilly Co. and that he had been actively connected with the operation of that company for twenty-five years. On recross-examination, he testified that he had been president and general manager of the company since 1927 or 1928.

This was the only evidence introduced at the trial respecting the individual liability of Appellant Lilly. No showing was made that he was using the corporate defendant as a cloak behind which to personally conduct the corporate business complained of. The company was not organized by him to manufacture soya bean flour for use as a glue base. Its flour mill had been built in 1905 and it had commenced the manufacture of soya bean flour in 1916. The company has not been engaged solely in the sale of soya bean flour. That product is only one of many which Ap-

pellant Lilly Co. has manufactured and sold (R. 227). No showing was made that Appellant Lilly Co. was financially irresponsible. No showing was made that Appellant Lilly ever acted outside the scope of his official duties or other than as the president and manager of Appellant Lilly Co. The record is entirely silent as to any special circumstances which would render Appellant Lilly individually liable. He is simply the president and manager of one of Seattle's oldest flour mills, and his only acts in the premises were those within the scope of his official duties.

It is submitted that in view of the evidence, considered in the light of the well established rule of law with reference to the liability of corporate officers and agents, the Trial Court's decree was erroneous in holding Appellant Lilly individually liable for profits and damages as a joint tort-feasor.

ARGUMENT POINT III—Appellee Should Not Be Awarded Costs in Any Event.

A.—WHERE PLAINTIFF FILES A DISCLAIMER AFTER SUIT BROUGHT, NO COSTS CAN BE RECOVERED.

The right of a patentee to file a disclaimer is governed by the following statute:

“Whenever, through inadvertence, accident, or mistake, and without any willful default or intent to defraud or mislead the public, a patentee has, in his specification, claimed to be the original and first inventor or discoverer of any material or substantial part of the

thing patented, of which he was not the original and first inventor or discoverer, every such patentee, his executors, administrators, and assigns, whether of the whole or any sectional interest in the patent, may maintain a suit at law or in equity, for the infringement of any part thereof, which was bona fide his own, if it is a material and substantial part of the thing patented, and definitely distinguishable from the parts claimed without right, notwithstanding the specifications may embrace more than that of which the patentee was the first inventor or discoverer. But in *every such case* in which a judgment or decree shall be rendered for the plaintiff *no costs shall be recovered unless the proper disclaimer has been entered at the Patent Office before the commencement of the suit*. But no patentee shall be entitled to the benefits of this section if he has unreasonably neglected or delayed to enter a disclaimer."

Section 4922, R. S.; 35 U. S. C. A. Section 71, page 613.

This statute is plain and unambiguous in its terms. In no case where plaintiff files a disclaimer after suit brought on a patent shall he be allowed costs, even though he prevail in the action.

In *O'Reilly et al v. Morse et al*, 56 U. S. (15 How.) 62, 14 L. Ed. 601, in discussing this statute, the Court said, at page 627:

"The omission to disclaim, therefore, does not render the patent altogether void; and he is entitled to proceed in this suit, for an infringement of that part of his invention which is legally claimed and described. But as no disclaimer was entered in the Patent Office before this suit was instituted, he cannot, under the Act of Congress, be allowed costs against the wrongdoer, although the infringement should be proved."

In *Silsby v. Foote*, 61 U. S. (20 How.) 378, 15 L. Ed. 953, the Court said, at page 955:

“This court is also of opinion that the court below erred in awarding costs of the complainant against the defendants.

“The first claim of the patentee in his patent was disproved by the prior construction and use of what is called in the case the Saxton stove, and no disclaimer was entered according to the requirements of the Act of Congress 3d March, 1837. By the 9th section of that Act it is provided, that when a patentee by mistake shall have claimed to be the inventor of more than he is entitled to, the patent shall still be good for what shall be truly and bona fide his own, and he shall be entitled to maintain a suit in law or equity for an infringement of this part of the invention, notwithstanding the specification claims too much. *But in such case, if judgment or decree be rendered for the plaintiff, he shall not recover costs against the defendant, unless he shall have entered a disclaimer in the Patent Office of the thing patented, to which he has no right, prior to the commencement of the suit.*”

Again, in *Sessions v. Romadka*, 145 U. S. 29, 13 S. Ct. 799, 36 L. Ed. 609, the Court said, at page 614:

“We think that section 4917 ought to be read in connection with section 4922, providing that the patentee may maintain a suit at law or in equity for the infringement of any part of the thing patented, notwithstanding the specifications may embrace more than that of which the patentee was the first inventor or discoverer; *but in every such case in which a judgment or decree shall be rendered for the plaintiff, no costs shall be recovered, unless the proper disclaimer has been entered at the Patent Office before the commencement of the suit.*”

The same ruling is announced by the Court in *Hailes v. Albany Stove Co.*, 123 U. S. 582, 31 L. Ed. 284.

B.—APPELLEE FILED A DISCLAIMER IN CONNECTION WITH THE CAUSTIC SODA PATENT LONG AFTER THE ACTION HAD BEEN COMMENCED.

Appellee's bill of complaint was filed February 14, 1929, and served February 25, 1929. Appellants' amended answer, setting forth pertinent prior art, was served March 17, 1930, and filed March 20, 1930. Appellee filed its disclaimer in connection with the Caustic Soda Patent in the Patent Office May 23, 1930. The disclaimer was introduced in evidence June 2, 1930.

It is of interest to note the effect of the disclaimer. According to Appellee's witnesses, the prior art had taught that to make an adhesive from protein-containing vegetable material, such as soya bean flour, the protein should be first extracted and that this adhesive constituent should then be combined with chemicals. Some of this prior art had been cited in the defendants' amended answer.

The Caustic Soda Patent, as granted, taught the use of caustic soda with vegetable protein *or* vegetable matter containing protein. The patentees stated that they did not wish to limit themselves to soya bean flour *or to vegetable protein* derived from this source. The patentees claimed to have discovered the use of caustic soda with vegetable

protein in making glue. This, however, was something of which they were not the first inventors, as was shown by the prior art cited.

Inasmuch as the prior art had taught the use of chemically extracted vegetable protein combined with the agent referred to in the patent, it was necessary for Appellee, in order to sustain the patent, to file a disclaimer and to claim as the real invention only the combination of the whole residue of the beans with the designated chemical. The disclaimer was accordingly filed, but not until after the commencement of suit.

It is submitted that under the statute above quoted and the ruling of the Courts thereon, the Trial Court was in error in awarding Appellee costs, regardless of the correctness of its ruling in holding Appellants liable as contributory infringers.

CONCLUSION

Appellants have no connection whatsoever with the lumber, veneer or adhesive industries. Appellant Lilly Co. is, and for nearly half a century has been, engaged in the general milling industry. It manufactures and sells seeds, feeds, fertilizers and flour mill products. The use made of the standard articles of commerce so manufactured and sold is a matter solely within the province and knowledge of the parties purchasing such products. Appellants ask that they be allowed to sell their products in the open market in the ordinary course of business, without being subjected to the ruinous and impossible duty of first ascertaining the exact manner in which the purchaser intends to use the product, and then determining whether or not such use might conceivably violate some one of the hundreds of thousands of patents heretofore issued in the United States. Appellants feel that the law supports them in what they ask and does not impose upon them the impossible burden which would be theirs if the decision of the Trial Court is upheld.

For the several reasons hereinbefore stated, it is urged that the Trial Court's decree was erroneous and that the bill of complaint as to Appellants should be dismissed.

Respectfully submitted,

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Solicitors for Appellants.

